

January 9, 2006

Ex Parte

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

**Re: Special Access Rates for Price Cap Local Exchange Carriers, WC
Docket No. 05-25
AT&T Corp. Petition for Rulemaking to Reform Regulation of
Incumbent Local Exchange Carrier Rates for Interstate Special
Access Services, RM-10593**

Dear Ms. Dortch:

Pursuant to FCC rules, the undersigned hereby files this submission summarizing the oral ex parte discussion described below.

On January 9, 2006, the following parties met with Chairman Kevin J. Martin and Michelle Carey: D. Jarrett, on behalf of the American Petroleum Institute; K. Knowles, American Bakers Association; M. Casso, Construction Industry Roundtable; and the undersigned, on behalf of the eCommerce & Telecommunications Users Group.

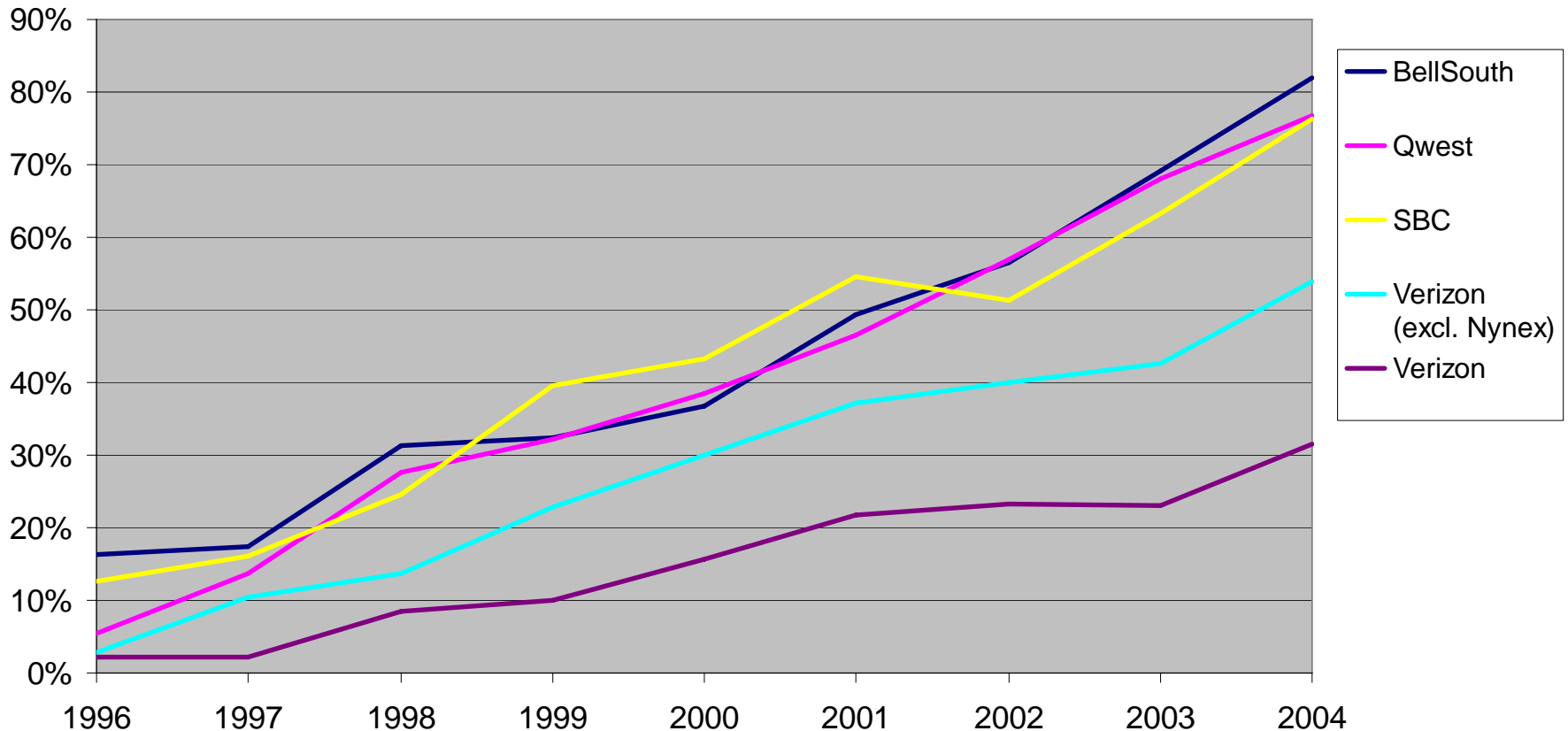
The parties expressed their concerns regarding ILEC special access rates and the critical need for immediate Commission action. The attached documents formed much of the basis of the discussion.

Sincerely,

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Attachments

Interstate Rate of Return of Special Access



- These returns are clearly excessive. For example, 2004 Bell special access revenues exceed an 11.25% rate of return by \$2.4 billion for SBC, \$1.6 billion for Verizon, \$1.4 billion for BellSouth, and \$1.0 billion for Qwest – a total of \$6.4 billion per year. These excessive charges serve as a monopoly tax on the information needs of the Nation's largest businesses and as a drag on the entire economy.

ILEC Interstate Special Access Return Data for 2004
(\$thousands)

| Company | SPECIAL ACCESS FINANCIAL DATA | | | | REVENUE CHANGES FOR ALTERNATIVE RORs | | | |
|----------------------|-------------------------------|--------------------|--------------------|--------------|--------------------------------------|---------------|----------------------|---------------|
| | Revenue | Net Investment | Net Return | ROR | 11.25% ROR | | 8.2% ROR | |
| | | | | | Dollars | Percent | Dollars | Percent |
| Ameritech | \$1,436,280 | \$508,944 | \$619,199 | 121.7% | (\$925,009) | -64.4% | (\$950,561) | -66.2% |
| Pacific Telesis | \$1,314,551 | \$525,942 | \$507,512 | 96.5% | (\$738,014) | -56.1% | (\$764,419) | -58.2% |
| Southwest Bell | \$1,508,797 | \$1,096,828 | \$481,857 | 43.9% | (\$590,064) | -39.1% | (\$645,131) | -42.8% |
| SNET | \$246,547 | \$110,086 | \$99,413 | 90.3% | (\$143,257) | -58.1% | (\$148,783) | -60.3% |
| Total SBC | \$4,506,175 | \$2,241,800 | \$1,707,981 | 76.2% | (\$2,396,343) | -53.2% | (\$2,508,894) | -55.7% |
| Verizon-South | \$2,406,974 | \$1,685,677 | \$817,818 | 48.5% | (\$1,034,040) | -43.0% | (\$1,118,671) | -46.5% |
| Verizon-North | \$1,788,332 | \$2,182,472 | \$101,016 | 4.6% | \$237,880 | 13.3% | \$128,307 | 7.2% |
| Puerto Rico Tel | \$24,627 | \$12,038 | \$13,483 | 112.0% | (\$19,965) | -81.1% | (\$20,569) | -83.5% |
| GTE/Contel | \$1,419,089 | \$906,406 | \$582,047 | 64.2% | (\$790,249) | -55.7% | (\$835,756) | -58.9% |
| Total Verizon | \$5,639,022 | \$4,786,593 | \$1,514,364 | 31.6% | (\$1,606,374) | -28.5% | (\$1,846,689) | -32.7% |
| BellSouth | \$2,438,132 | \$1,233,462 | \$1,010,265 | 81.9% | (\$1,434,569) | -58.8% | (\$1,496,496) | -61.4% |
| Qwest | \$1,690,814 | \$884,989 | \$680,037 | 76.8% | (\$955,516) | -56.5% | (\$999,346) | -59.1% |
| Sprint/United | \$553,845 | \$95,593 | \$302,764 | 316.7% | (\$480,675) | -86.8% | (\$485,474) | -87.7% |
| TOTAL LEC | \$14,827,988 | \$9,242,437 | \$5,215,411 | 56.4% | (\$6,873,476) | -46.4% | (\$7,337,500) | -49.5% |

[Prepared by BRM-eTUG]

Notes:

- * Income tax rate: 39.25%
- * "ROR" = rate of return
- * "ILEC" = incumbent local exchange carrier
- * Source: Carrier's own data submissions to FCC; FCC ARMIS 43-01, Table 1. Cost and Revenue Table, Special Access, Column (s). Revenue, Row 1090; Net Investment, Row 1910; Net Return, Row 1915.